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C O N F I D E N T I A L SECTION 01 OF 02 ASTANA 001900

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STATE FOR SCA/CEN, SCA/CEN, NEA/IR, EUR/WE, ISN
NSC FOR MCFAUL, DONNELLY, CONNERY

E.O. 12958: 09/13/2029

TAGS: [PREL](#) [ENRG](#) [KNNP](#) [FR](#) [IR](#) [KZ](#)

SUBJECT: KAZAKHSTAN: DEPUTY SECRETARY OF ENERGY PONEMAN'S MEETING
WITH PRIME MINISTER MASIMOV, OCTOBER 8, 2009

Classified By: Ambassador Richard E. Hoagland: 1.4 (B), (D)

¶1. (SBU) SUMMARY: During a meeting between Deputy Secretary of Energy Daniel Poneman and Prime Minister Karim Masimov in Astana on October 8:

-- Poneman urged rapid forward movement on the final steps for the full decommissioning of the BN-350 fast-breeder nuclear reactor at Aktau, as well as on bureaucratic steps necessary for Kazakhstan's inter-agency coordination so that the United States can commence building the biological Central Reference Laboratory in Almaty;

-- Poneman briefed the Prime Minister on new-generation small nuclear-reactors grid that could interest Kazakhstan and provide a fruitful venue for new collaboration;

-- Poneman noted that the example of Kazakhstan's non-proliferation history and its support for international nuclear fuel banks could help Iran make responsible decisions about its future; and

-- Masimov suggested that, should the White House approve an Obama-Nazarbayev bilateral meeting during the April 2010 Global Nuclear Security Summit in Washington, Kazakhstan would be prepared to work closely with the United States to negotiate in advance a fruitful and comprehensive agenda for the two presidents to approve.
END SUMMARY.

MUTUAL ADMIRATION SOCIETY

¶2. (C) Deputy Secretary of Energy Daniel Poneman met with Prime Minister Karim Masimov in Astana for 30 minutes on October 8. Masimov welcomed Poneman warmly and said he had already been well-briefed on Poneman's previous meetings during his current visit. He commented, "I am very hopeful for the future of our relationship." Poneman responded that he was very heartened by this visit and noted the broad agenda of our bilateral relationship. He recalled that at the birth of our cooperation two decades ago, urgent issues of nuclear non-proliferation had dominated. Now, we are 90% through the decommissioning of the BN-350 fast-breeder nuclear reactor at Aktau and "want to go the final distance with you." He noted, in passing, our on-going sensitive cooperation at the former Soviet nuclear test site near Semipalatinsk, and stated our readiness

to move forward with building the biological Central Reference Laboratory in Almaty, but only if Kazakhstan can guarantee full inter-agency cooperation.

¶3. (SBU) Poneman told Masimov, "Our presidents hold similar views on non-proliferation of weapons of mass destruction. President Obama is pleased that President Nazarbayev plans to participate in the April 2010 Global Nuclear Security Summit." He summarized for Masimov his keynote speech at the Kazakhstan International Oil and Gas Exhibition in Almaty on October 6, noted his October 5 visit to Tengizchevroil on the Caspian, and commented, "We are both pragmatic peoples -- that is why we work so well together." Masimov interjected approvingly, "I just finished a cabinet meeting where we discussed all of these issues." (COMMENT: We would kill to get a transcript of that cabinet meeting. END COMMENT.)

NEW POSSIBILITIES FOR PEACEFUL NUCLEAR ENERGY COLLABORATION

¶4. (SBU) Poneman told Masimov that he had had an excellent and wide-ranging conversation in Almaty with KazAtomProm Chairman Vladimir Shkolnik, where they had explored new possibilities for collaboration on the concept of building small nuclear reactors. He told Masimov that Secretary of Energy Chu is especially interested in the low carbon energy potential of nuclear energy, well-suited to the grid servicing Aktau, and noted that Kazakhstan is especially well-positioned to collaborate on this because of its impeccable non-proliferation credentials, its vast uranium reserves, and its existing nuclear technology.

SEAL DEALS IN WASHINGTON IN APRIL?

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¶5. (SBU) Masimov concurred and suggested that the April 2010 Global Nuclear Security Summit in the United States would be the ideal venue for Presidents Obama and Nazarbayev to meet and seal agreements that would give guidance to their governments how to move forward together on these promising initiatives that would strongly advance President Obama's nuclear security goals. Poneman responded that he had already checked with the White House, and that it is still too early by several months to confirm scheduling for bilateral meetings at the time of the Global Nuclear Security Summit. In fact, there will be only a very small number of bilaterals. "However," he said, "we will work hard. In theory, we would want a very rich agenda with concrete results for our presidents to discuss, should that develop." Masimov said, "I am certain, I really believe, I have no doubt that we can work well together. There is no question about our will." Poneman commented, "Our relationship seems poised to move forward, and not just in energy. We have a broad and robust agenda."

KAZAKHSTAN SHOULD BE A ROLE-MODEL FOR IRAN

¶6. (C) Masimov said that French President Nicholas Sarkozy earlier in the week had asked President Nazarbayev specifically to do whatever he could to convince Iran to move toward conformity with international nuclear-security standards. He added, but did not elaborate, that Sarkozy had proposed several concrete suggestions. Poneman responded that the concept of the new international civil nuclear framework proposed in Prague by President Obama, including the proposal for international nuclear fuel banks, which Kazakhstan not only supports but also wants to participate in, could provide a face-saving path for Tehran. Further, Kazakhstan's impeccable non-proliferation standards could provide Iran a model to follow.

WOLFENSON, KISSINGER, MERKLE

¶7. (C) Masimov noted that Kazakhstan has appointed former EUR Deputy Assistant Secretary David Merkle to the board of directors of Kazakhstan's new International Information Technology and Science University that will be staffed largely by Western faculty. He noted that the World Bank's James Wolfensohn is a strong personal partner for him as he manages Kazakhstan's macro-economy, providing personal advice and institutional seminars. Masimov also said that Kazakhstan expects to welcome Henry Kissinger in the nearest future (NFI). Poneman asked when Masimov next plans to visit the United States. Masimov responded, circumspectly, "Prime Ministers usually need to

stay home." (NOTE: In 2008, Masimov was scheduled to travel to Washington for a high-profile visit, but his trip was cancelled on short notice. The rumor at that time was that President Nazarbayev had worried that Masimov was getting uppity, scheduling such a high-profile visit, and needed to be reminded who was in charge. END NOTE.)

18. (C) COMMENT: We are gratified that Deputy Secretary Poneman, well-known in Kazakhstan, was so well received -- and was also such a trooper for a four-city schedule that included accepting, repeatedly, traditional Kazakhstani hospitality with horse meat on the menu, dombra-playing, and rivers of some of the finest premier-cru French Bordeaux. We continue to note that the highest levels -- Nazarbayev confidante and State Secretary-Foreign Minister Saudabayev, and Prime Minister Masimov -- continue to press, diplomatically but very directly, for an Obama-Nazarbayev April 2010 meeting in Washington. We have continued to sense that Kazakhstan, i.e., Nazarbayev, has been ready to recalibrate his great-power relationships more toward the United States since the August 2008 Russia-Georgia conflict. Should there be a well-prepared April bilateral, we judge we could achieve forward movement on a broad number of issues on the bilateral agenda. END COMMENT.

19. (U) Deputy Secretary Poneman has cleared this cable.

HOAGLAND